

Case Study

CNH Reman

Location: Springfield, Missouri

2015 Revenues: \$100 million

Employees: 245

Industry: Manufacturing

Highlights



Challenge

Grow a startup involving two partners into a thriving business with 2,000 customers and \$100 million in revenue within five years.



Solution

Embrace the GGOB right from the start and turn the team loose on the opportunities it could create.



Results

Sales have grown an average of 22% year-over-year since 2009 and the company has been profitable right from its start. The team has also grown from a starting core of nine people to more than 245 today, who boast a 94% employee satisfaction rating.

“Our open-book culture will drive engagement, opportunity, and quality of life for our associates.”



The company is a stand-alone remanufacturer focused on supporting the more than 2,300 Case Construction, Case-IH, and New Holland Dealers in North America with best-in-class remanufactured products.

Company Background

CNH Industrial Reman is a joint venture between two partners, CNH Industrial and SRC Holdings, who had similar beginnings. Both have roots as divisions of International Harvester. As Harvester was breaking apart in the early 1980's, the agriculture and construction divisions spun out becoming Case Corporation and Case-IH Tractor. Years later, after merging with New Holland Tractor, CNH Industrial was born. SRC and CNH Industrial have worked as partners for more than 30 years. In Dec. 2009, the two companies expanded that relationship by founding CNH Industrial Reman; a joint venture focused on building remanufacturing capabilities within CNH Industrial and growing the program rapidly.

“Autonomy and collaboration are our competitive advantage.”

Playing the Game Together

Joint ventures can often be challenging to build because they are a mix between two different company cultures. Fortunately for the team at CNH Industrial Reman, they were required by their operating agreement to open their books and embrace the GGOB from the start. Of course, it helped to have long-time SRC and GGOB veterans as part of the original team – including Tom Hilmes, the company's founding president and general manager, who had worked for SRC since 1990.

"We started by making sure everyone knew the rules," says Hilmes, who recently announced that Bruce Krueger would be his replacement as general manager of CNH Industrial as part of a long-planned transition. "Effective communication could only happen if the team was financially literate and engaged." Part of the company's plan called for adding 70 new positions each year. So, they built their own financial-literacy training program modeled after SRC's "Yo-Yo" training. The finance department holds classes monthly. The goal is for every new associate to take the class within 90 days of being hired on fulltime.

The CNH Industrial Reman team also rolled out a schedule and standing agenda for their huddles so that everyone could follow the action. "Everybody knew when the meetings would be held and what information would be shared in them," says Hilmes. That sharing was augmented with scoreboards and flat-screen TV's throughout the facility and automated email blasts that shared where metrics such as shipments, backorders, production output, and efficiency stacked up against plan.

The CNH Reman team has played more than 75 MiniGames since it started. They have put focus on challenges that range from product release activity and backorder reduction, to actual overhead rate and time to complete month-end closing.

To further ensure alignment, the team engages in High Involvement Planning every six months where associates participate in the planning process, provide input and vote by rating their buy-in via survey.

CNH Industrial Reman has a quarterly bonus plan that can add up to 15% to an hourly associates' annual pay. To date, the max bonus has been paid four of the company's first five years in operation, "so it drives a lot of attention and performance," says Hilmes.

"When there are problems in business, it always comes down to communication. If people would work on better communications, they would have better companies."

Rapid Financial Results; Lasting Cultural Change

CNH Industrial Reman has been recognized for its outstanding financial performance and civic responsibility by the Springfield Business Journal as a "Business Class" award winner in 2014 and 2015

But perhaps more importantly, the company is the current holder of the Owner's Cup, which is awarded to the SRC subsidiary who best exemplifies the practice of the GGOB. It's a yearlong contest where each of the 11 subsidiaries are ranked based on Forecast Accuracy, Huddle Quality, and mini-game use. Last year, CNH Industrial Reman swept the field in all three categories. In the resulting celebrations, the Owner's Cup itself was bolted down to the floor of the company's break room. "It doesn't look like the team has any intentions of it leaving the company anytime soon," says Hilmes.

"Our open-book culture is at the center of our ability to engage and collaborate. It's our mutual communication channel, the way we get and share information and track our progress to insure that everyone is pulling the same direction."